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TAGS: PREL EINV EFIN QA UK SU
SUBJECT: UK PRIME MINISTER DEEPENS UK-QATAR RELATIONSHIP
WITH VIST TO DOHA

Classified By: Ambassador Joseph LeBaron for Reasons 1.4 (b, d).

(C/NF) KEY POINTS

-- British Prime Minister Brown's recent visit to Doha centered on bilateral economic ties, and the Prime Minister assured Qatar that it would play a significant role in constructing solutions to the global financial crisis.

-- Building better relationships with the Amir and Prime Minister and advancing British commercial interests were key objectives of the visit; 30 senior business representatives accompanied Brown.

-- The two governments also agreed to establish a British pound 250 million clean technology fund.

-- Britain has come to see Qatar as useful in advancing its interests with others in the region. Sudan is an issue of personal importance to Brown, and the UK supports the Qatari-led Afro-Arab regional initiative on Darfur and has sent its top Sudan expert to Doha to engage with the GOQ.

-- Britain could soon receive up to 20 percent of its gas imports from Qatar, and would like to secure further contracts (though Qatar currently has no spare capacity to sell).

(C/NF) COMMENT

-- Prime Minister Brown is clearly focused on enhancing the U.K.'s bilateral relationship with Qatar to further British economic interests, including an expansion of inward investment and gas imports, as well as Qatar's support for the IMF.

-- The blossoming UK engagement with Qatar at the highest levels may not be sustainable beyond Brown's stay in 10 Downing Street, according to our British Embassy colleagues.

-- However, the British Embassy in Doha -- convinced of Qatar's growing importance to the UK -- is keen to continue moving the relationship forward, and it is pleased with what has been achieved through sustained, high-level political and economic engagement.

END KEY POINTS AND COMMENT.

¶1. (C/NF) UK Ambassador John Hawkins and UK Political and Public Affairs Secretary James Lynch gave readouts of British Prime Minister Gordon Brown's November 2-3 visit to Qatar in separate conversations with Ambassador, P/E Chief, and Econoff. Lynch noted that Brown's visit to Qatar was the

result of a sustained effort by the UK Embassy in Doha to convince Downing Street that Qatar matters for British interests. Brown was the first sitting British Prime Minister to visit Qatar since Margaret Thatcher in the 1980s, and the first to visit during the current Amir's reign. Moreover, the UK had not even sent a significant minister to Qatar since the 1990s. Brown's visit had been planned for months and was not immediately tied to the current financial crisis, though financial issues led Brown's discussions. According to Hawkins, Brown assured Qatar's leadership that the GOQ would play a significant role in finding solutions to the global crisis. Brown had at least two one-on-one meetings with the Amir, and also appeared on Al-Jazeera.

¶12. (C/NF) Lynch noted that Brown and his staff were initially focused on tangible deliverables from each meeting, but in the end the Embassy convinced London that the visit itself - i.e., building personal relationships with the Amir, Prime Minister, and other senior officials - was the deliverable. He continued that Brown and Qatari Prime Minister/Foreign Minister Hamad Bin Jassim Al Thani have "great personal chemistry" and speak a common language. Hawkins remarked that Brown is more the economist, and Al Thani more the businessman, but there is much in the middle that brings the two together. According to Lynch, Al Thani has met with Brown several times in London and the two consult regularly by phone. Lynch said that Brown will often call him in advance of visits by key British officials and, as a result, "doors swing open" for these lower-level officials.

¶13. (C/NF) Discussions during the visit largely focused on bilateral issues, particularly economic and business ties. A senior delegation of 30 British business leaders accompanied Brown and held separate meetings with top Qatari businessmen during the visit. Lynch noted that the business delegation portions of the program were more successful than initially expected, albeit "a bit formulaic" and resulting in the signing of "only a few small deals." Separately, prominent local businessman and former Qatari Ambassador to the UK Sherida Al-Ka'abi told P/E Chief November 4 that Brown's show of respect to Qatar's leadership had its reward, and most every prominent Qatari businessman met with the accompanying delegation.

¶14. (C/NF) One of the tangible highlights of the trip was an agreement to establish a joint clean technology fund. The bilateral partnership will be established between the Qatar Investment Authority (QIA) and the Carbon Trust, a quasi-governmental UK foundation which promotes reduction in carbon emissions. The investment fund will manage 150 million British pounds contributed by the QIA and 10 million pounds from HMG. The UK will also seek to raise another 90 million pounds from European investors (Note: The press announcement thus termed the agreement as a 250 million pound fund). According to Lynch, the fund will invest in clean energy industries in the UK, Qatar, and across the Middle East. He also noted that Brown is personally very interested in renewable energy issues and he first began pursuing the idea for such a fund during the Jeddah energy meeting in June.

¶15. (C/NF) Referring to the recent deal whereby British bank Barclays raised over USD 10 billion in fresh capital from the QIA and other institutional and private investors, Lynch said the British are finding that Shaykh Hamad can be an effective organizer of Middle East investors - both sovereign wealth funds and individuals. He noted that British public and private officials working these issues have come to see Shaykh Hamad as an effective interlocutor who can intervene and "carry water for them" with other actors (such as Libya) with whom the British do not themselves have good relations.

¶16. (C/NF) On energy, Lynch noted that there is an expectation gap in the UK with regards to Qatari gas exports. The South Hook liquefied natural gas (LNG) terminal currently being built in Wales could receive enough gas to supply 20 percent of Britain's consumption, but current contracts from Qatar will not deliver that capacity. (Note: Deliveries are slated to start in May 2009 from the QatarGas 2 LNG train). The UK

would like to seal in more Qatari gas to help diversify its supply, but since all current production is contracted, that is not immediately feasible. Hawkins noted the incipient "gas troika" of Russia, Iran, and Qatar was raised by Brown, but it was "far down the list" and raised only as an expression of interest, not out of worry or concern.

¶17. (C/NF) The GOQ and HMG have been discussing a bilateral treaty on the avoidance of double taxation. However, the UK bureaucracy continues to study the details. As such, no deal was signed in Doha. Lynch speculated that Qatar's interest in such treaties stems from its growing QIA and Qatar Petroleum International (QPI) investments abroad, including in Britain.

¶18. (C/NF) Sudan was the one regional political issue of note discussed during Brown's visit. Hawkins said that the British, like the French, are taking the Qatari initiative seriously and engaging the GOQ on it. Lynch separately noted that Sudan/Darfur is a "big issue for Brown personally," and the UK Special Envoy for Sudan had previously visited Doha to consult with the GOQ on its approach. International Criminal Court Article 16 continues to be the sticking point in their joint discussions, and Lynch assessed that the GOQ now understands that it should not make deferring President Bashir's indictment an up-front requirement of the initiative. Instead, the GOS must deliver progress in concert with other actors. The UK Special Envoy recently told Qatar's Minister of State for Foreign Affairs Ahmad Bin Abdullah Al-Mahmoud (the GOQ point person on Sudan) in a carefully worded formulation that "we are not entirely inflexible" on Bashir but any movement on this issue must be accompanied by parallel progress in other areas.

¶19. (C/NF) Concluding with a discussion of Qatar's increasing strategic importance, Lynch noted that Qatar wants good relations with traditional powers like the U.S., UK, and France, but "Qatar's options are expanding," and the leadership believes Qatar is increasingly in a position where others need Qatar more than Qatar needs them. He relayed an anecdote from an upcoming ship visit to illustrate the point that Qatar is sensitive to perceived slights in its bilateral political relationships. Due to typical Qatari last-minute planning and bureaucratic ineptitude, the Qatari military had not been forthcoming in arranging details for an expected port call by a UK vessel, prompting the UK defense liaison to ask if Qatar still wanted the visit. The Qatari military saw this as a threat and responded that Qatar is one of the most important countries in the area and did not need the visit - the UK could cancel if it wanted. The UK defense liaison explained that the purpose of his call was to finalize the details, not cancel the visit outright. In the end, the ship's visit was arranged, but the tense interaction demonstrated to the Brits the importance of granting due deference if anything positive is to be achieved.

LeBaron